

HOUSE BILL NO. 277

INTRODUCED BY G. MASOLO, LEWIS

A BILL FOR AN ACT ENTITLED: "AN ACT ~~GENERALLY REVISING USE OF MONEY IN THE COAL SEVERANCE TAX PERMANENT FUND; CREATING AN EDUCATION TRUST FUND WITHIN THE COAL TAX TRUST FUND; ALLOCATING \$100 MILLION TO THE EDUCATION TRUST FUND; PROVIDING THAT 90 PERCENT OF THE INTEREST AND EARNINGS ON THE EDUCATION TRUST FUND BE USED FOR STATE PAYMENTS FOR SCHOOL CAPITAL PROJECTS AND THE OTHER 10 PERCENT OF THE INTEREST AND EARNINGS BE DEPOSITED IN THE EDUCATION TRUST FUND; CREATING A SCHOOL CAPITAL PROJECTS ACCOUNT IN THE STATE SPECIAL REVENUE FUND; STATUTORILY APPROPRIATING MONEY FROM THE SCHOOL CAPITAL PROJECTS ACCOUNT; APPROPRIATING \$150 MILLION FROM THE COAL SEVERANCE TAX PERMANENT FUND TO BE USED FOR MATCHING FUNDS FOR GRANTS TO LOCAL GOVERNMENTS FOR ROAD, WATER, AND SEWER PROJECTS; PROVIDING FOR THE USE OF UP TO \$30 MILLION OF THE APPROPRIATION EACH YEAR; TRANSFERRING \$20 MILLION DIVERTING UP TO \$5.5 MILLION OF THE FLOW OF TAXES EACH FISCAL YEAR FROM THE COAL SEVERANCE PERMANENT TRUST TO THE GENERAL FUND TO BE USED TO PROVIDE FUNDING FOR K-12 EDUCATION; RETAINING THE AMOUNT OF DEPOSIT INTO THE COAL SEVERANCE TAX TRUST FUND NECESSARY FOR COAL SEVERANCE TAX BONDS; AMENDING SECTIONS ~~17-5-703, 17-6-308, 17-7-502, 20-9-343, 20-9-346, 20-9-367, 20-9-369, 20-9-370, AND 20-9-371, MCA;~~ AND PROVIDING AN EFFECTIVE DATE AND A TERMINATION DATE."~~

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

~~NEW SECTION. Section 1. School capital projects -- calculation -- purpose.~~ (1) The state payment for school capital projects for a district is the school capital projects entitlement determined in ~~20-9-370(1)~~ multiplied by ~~(1-(district mill value per ANB/statewide mill value per ANB))~~.

~~(2) The purpose of the state payment for school capital projects is to finance school district costs associated with the acquisition, remodeling, and replacement of facilities and equipment. The trustees of a district may deposit the state payment for school capital projects in the debt service fund established pursuant to 20-9-438 or in the district building fund established pursuant to 20-9-508.~~

1

2 ~~NEW SECTION. Section 2. School capital projects account -- statutory appropriation.~~ There is
3 a school capital projects account in the state special revenue fund. Ninety percent of the interest and
4 earnings on the education trust fund, as provided in 17-6-308(3), must be deposited in the account and
5 is statutorily appropriated, as provided in 17-7-502, for the state payment for school capital projects.

6

7 ~~NEW SECTION. Section 3. Special revenue account -- interest and income.~~ There is an account
8 in the state special revenue fund to be known as the 21st century account. The proceeds of the
9 appropriation contained in [section 14(1)] must be placed in the 21st century account. Until a grant is
10 made pursuant to [section 4], the board of investments shall invest the 21st century account. The interest
11 and earnings on the 21st century account must be deposited in the state general fund.

12

13 ~~NEW SECTION. Section 4. Matching grants for road, water, and sewer projects.~~ (1) The
14 department of commerce shall use up to \$30 million of the money in the 21st century account, provided
15 for in [section 3], each year for matching funds for grants to local governments for road, water, and sewer
16 projects. A local government shall provide matching funds in an amount equal to the amount of a grant.
17 A grant for a specific project may not exceed \$1 million. Matching funds may include treasure state
18 endowment funds.

19 ~~(2) A proposal for a grant must be submitted to the department as provided in 90-6-710. The~~
20 ~~department shall review proposals and prioritize the proposed projects based on the criteria contained in~~
21 ~~90-6-710(2). The department shall award grants based on the department's review and priority rankings~~
22 ~~and make recommendations for grants to the legislature.~~

23 ~~(3) The department may adopt rules to implement this section, including rules governing the form~~
24 ~~of a proposal, timelines for submitting proposals, and the process for reviewing and prioritizing proposals.~~
25 ~~The department shall base the rules on the existing rules for the treasure state endowment program to the~~
26 ~~extent feasible. The department may adopt rules providing criteria for matching funds. The rules must~~
27 ~~provide flexibility for local governments to meet matching fund requirements.~~

28

29 ~~Section 5. Section 17-5-703, MCA, is amended to read:~~

30 ~~"17-5-703. (Temporary) Coal severance tax trust funds. (1) The trust established under Article~~

1 ~~IX, section 5, of the Montana constitution is composed of the following funds:~~

2 ~~—— (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal~~
3 ~~severance tax must be deposited;~~

4 ~~—— (b) a treasure state endowment fund;~~

5 ~~—— (c) a treasure state endowment regional water system fund;~~

6 ~~—— (d) a coal severance tax permanent fund;~~

7 ~~—— (e) a coal severance tax income fund; and~~

8 ~~—— (f) an education trust fund; and~~

9 ~~—— (f)(g) a coal severance tax school bond contingency loan fund.~~

10 ~~—— (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet~~
11 ~~all principal and interest payments on bonds payable from the coal severance tax bond fund during the next~~
12 ~~12 months and retain that amount in the coal severance tax bond fund.~~

13 ~~—— (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection~~
14 ~~(2)(a) must be transferred from that fund as provided in subsections (3) through (5).~~

15 ~~—— (3) (a) On January 21, 1992, and continuing as As long as any school district bonds secured by~~
16 ~~state loans under 20-9-466 are outstanding, the state treasurer shall from time to time and as provided~~
17 ~~in subsection (3)(b) transfer from the coal severance tax bond fund to the coal severance tax school bond~~
18 ~~contingency loan fund any amount in the coal severance tax bond fund in excess of the amount that is~~
19 ~~specified in subsection (2) to be retained in the fund.~~

20 ~~—— (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless~~
21 ~~the balance in the coal severance tax school bond contingency loan fund is equal to the amount due as~~
22 ~~principal of and interest on the school district bonds secured by state loans under 20-9-466 during the~~
23 ~~next following 12 months.~~

24 ~~—— (4) (a) Beginning July 1, 1993, and ending Until June 30, 2013, the state treasurer shall quarterly~~
25 ~~transfer to the treasure state endowment fund 75% of the amount in the coal severance tax bond fund~~
26 ~~in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of~~
27 ~~amounts that are transferred pursuant to subsection (3).~~

28 ~~—— (b) Beginning July 1, 1999, and ending Until June 30, 2013, the state treasurer shall quarterly~~
29 ~~transfer to the treasure state endowment regional water system fund 25% of the amount in the coal~~
30 ~~severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the~~

1 ~~fund and in excess of amounts that are transferred pursuant to subsection (3).~~

2 ~~—— (c) The state treasurer shall monthly transfer from the treasure state endowment fund to the~~
3 ~~treasure state endowment special revenue account the amount of earnings required to meet the obligations~~
4 ~~of the state that are payable from the account in accordance with 90-6-710. Earnings not transferred to~~
5 ~~the treasure state endowment special revenue account must be retained in the treasure state endowment~~
6 ~~fund.~~

7 ~~—— (d) The state treasurer shall monthly transfer from the treasure state endowment regional water~~
8 ~~system fund to the treasure state endowment regional water system special revenue account the amount~~
9 ~~of earnings required to meet the obligations of the state that are payable from the account for regional~~
10 ~~water systems authorized under 90-6-715. Earnings not transferred to the treasure state endowment~~
11 ~~regional water system special revenue account must be retained in the treasure state endowment regional~~
12 ~~water system fund.~~

13 ~~—— (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in~~
14 ~~subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be~~
15 ~~deposited in the coal severance tax permanent fund. (Terminates June 30, 2013--sec. 6, Ch. 495, L.~~
16 ~~1999.)~~

17 ~~—— **17-5-703. (Effective July 1, 2013) Coal severance tax trust funds.** (1) The trust established under~~
18 ~~Article IX, section 5, of the Montana constitution is composed of the following funds:~~

19 ~~—— (a) a coal severance tax bond fund into which the constitutionally dedicated receipts from the coal~~
20 ~~severance tax must be deposited;~~

21 ~~—— (b) a treasure state endowment fund;~~

22 ~~—— (c) a coal severance tax permanent fund;~~

23 ~~—— (d) a coal severance tax income fund; and~~

24 ~~—— (e) an education trust fund; and~~

25 ~~—— (e)(f) a coal severance tax school bond contingency loan fund.~~

26 ~~—— (2) (a) The state treasurer shall determine, on July 1 of each year, the amount necessary to meet~~
27 ~~all principal and interest payments on bonds payable from the coal severance tax bond fund during the next~~
28 ~~12 months and retain that amount in the coal severance tax bond fund.~~

29 ~~—— (b) The amount in the coal severance tax bond fund in excess of the amount required in subsection~~
30 ~~(2)(a) must be transferred from that fund as provided in subsections (3) through (5).~~

~~———— (3) (a) On January 21, 1992, and continuing as As long as any school district bonds secured by state loans under 20-9-466 are outstanding, the state treasurer shall from time to time and as provided in subsection (3)(b) transfer from the coal severance tax bond fund to the coal severance tax school bond contingency loan fund any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund.~~

~~———— (b) The state treasurer shall transfer the amount referred to in subsection (3)(a) until and unless the balance in the coal severance tax school bond contingency loan fund is equal to the amount due as principal of and interest on the school district bonds secured by state loans under 20-9-466 during the next following 12 months.~~

~~———— (4) (a) Beginning July 1, 1993, and ending June 30, 2013, the state treasurer shall quarterly transfer to the treasure state endowment fund 50% of the amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2) to be retained in the fund and in excess of amounts that are transferred pursuant to subsection (3).~~

~~———— (b) The state treasurer shall monthly transfer from the treasure state endowment fund to the treasure state endowment special revenue account the amount of earnings required to meet the obligations of the state that are payable from the account in accordance with 90-6-710. Earnings not transferred to the treasure state endowment special revenue account must be retained in the treasure state endowment fund.~~

~~———— (5) Any amount in the coal severance tax bond fund in excess of the amount that is specified in subsection (2)(a) to be retained in the fund and that is not otherwise allocated under this section must be deposited in the coal severance tax permanent fund."~~

~~———— **Section 6.** Section 17-6-308, MCA, is amended to read:~~

~~———— **"17-6-308. Authorized investments.** (1) Except as provided in subsections (2) through (4) and subject to the provisions of 17-6-201, the Montana permanent coal tax trust fund must be invested as authorized by rules adopted by the board.~~

~~———— (2) The board may make loans from the permanent coal tax trust fund to the capital reserve account created pursuant to 17-5-1515 to establish balances or restore deficiencies in the account. The board may agree in connection with the issuance of bonds or notes secured by the account or fund to make the loans. Loans must be on terms and conditions determined by the board and must be repaid from~~

~~revenue realized from the exercise of the board's powers under 17-5-1501 through 17-5-1518 and 17-5-1521 through 17-5-1529, subject to the prior pledge of the revenue to the bonds and notes.~~

~~———— (3) The board shall manage the seed capital and research and development loan portfolios created by the former Montana board of science and technology development. The board shall establish an appropriate repayment schedule for all outstanding research and development loans made to the university system. The board is the successor in interest to all agreements, contracts, loans, notes, or other instruments entered into by the Montana board of science and technology development as part of the seed capital and research and development loan portfolios, except agreements, contracts, loans, notes, or other instruments funded with coal tax permanent trust funds. The board shall administer the agreements, contracts, loans, notes, or other instruments funded with coal tax permanent trust funds. Until the department makes a loan pursuant to the provisions of part 5 of this chapter, the \$915,000 in funds under its administration must be invested by the board pursuant to the provisions of 17-6-201. As loans made pursuant to part 5 of this chapter are repaid, the board shall deposit the proceeds or loans made from the coal severance tax trust fund in the coal severance tax permanent fund until all investments are paid back with 7% interest. On July 1, 2001, the board shall transfer \$100 million from the coal severance tax permanent fund to the education trust fund. The board shall deposit 10% of the interest and earnings on the education trust fund in the fund and shall deposit the remaining 90% of the interest and earnings in the school capital projects account established in [section 2] to be used for state payments for school capital projects as provided in [section 1].~~

~~———— (4) The board shall allow the Montana health facility authority to administer \$15 million of the permanent coal tax trust fund for capital projects. Until the authority makes a loan pursuant to the provisions of Title 90, chapter 7, the funds under its administration must be invested by the board pursuant to the provisions of 17-6-201. As loans for capital projects made pursuant to this subsection are repaid, the principal and interest payments on the loans must be deposited in the coal severance tax permanent fund until all principal and interest have been repaid. The board and the authority shall calculate the amount of the interest charge. Individual loan amounts may not exceed 10% of the amount administered under this subsection.~~

~~———— (5) The board shall adopt rules to allow a nonprofit corporation to apply for economic assistance. The rules must recognize that different criteria may be needed for nonprofit corporations than for for-profit corporations.~~

~~1 ——— (6) All repayments of proceeds pursuant to subsection (3) of investments made from the coal
2 severance tax trust fund must be deposited in the coal severance tax permanent fund."~~

~~3
4 ——— **Section 7.** Section 17-7-502, MCA, is amended to read:~~

~~5 ——— **"17-7-502. Statutory appropriations -- definition -- requisites for validity.** (1) A statutory
6 appropriation is an appropriation made by permanent law that authorizes spending by a state agency
7 without the need for a biennial legislative appropriation or budget amendment.~~

~~8 ——— (2) Except as provided in subsection (4), to be effective, a statutory appropriation must comply
9 with both of the following provisions:~~

~~10 ——— (a) The law containing the statutory authority must be listed in subsection (3):~~

~~11 ——— (b) The law or portion of the law making a statutory appropriation must specifically state that a
12 statutory appropriation is made as provided in this section.~~

~~13 ——— (3) The following laws are the only laws containing statutory appropriations: 2-17-105; 3-5-901;
14 5-13-403; 10-3-203; 10-3-310; 10-3-312; 10-3-314; 10-4-301; 15-1-111; 15-23-706; 15-31-702;
15 15-34-115; 15-35-108; 15-36-324; 15-37-117; 15-38-202; 15-65-121; 15-70-101; 16-1-404;
16 16-1-406; 16-1-411; 17-3-106; 17-3-212; 17-3-222; 17-6-101; 17-7-304; 18-11-112; 19-3-319;
17 19-6-709; 19-9-702; 19-13-604; 19-17-301; 19-18-512; 19-19-305; 19-19-506; 19-20-604; 20-8-107;
18 [section 2]; 20-26-1503; 22-3-1004; 23-5-136; 23-5-306; 23-5-409; 23-5-610; 23-5-612; 23-5-631;
19 23-7-301; 23-7-402; 37-43-204; 37-51-501; 39-71-503; 42-2-105; 44-12-206; 44-13-102; 50-4-623;
20 53-6-703; 53-24-206; 67-3-205; 75-1-1101; 75-5-1108; 75-6-214; 75-11-313; 77-1-505; 80-2-222;
21 80-4-416; 80-11-518; 81-5-111; 82-11-161; 87-1-513; 90-3-1003; 90-6-710; and 90-9-306.~~

~~22 ——— (4) There is a statutory appropriation to pay the principal, interest, premiums, and costs of issuing,
23 paying, and securing all bonds, notes, or other obligations, as due, that have been authorized and issued
24 pursuant to the laws of Montana. Agencies that have entered into agreements authorized by the laws of
25 Montana to pay the state treasurer, for deposit in accordance with 17-2-101 through 17-2-107, as
26 determined by the state treasurer, an amount sufficient to pay the principal and interest as due on the
27 bonds or notes have statutory appropriation authority for the payments. (In subsection (3): pursuant to
28 sec. 7, Ch. 567, L. 1991, the inclusion of 19-6-709 terminates upon death of last recipient eligible for
29 supplemental benefit; pursuant to Ch. 422, L. 1997, the inclusion of 15-1-111 terminates on July 1,
30 2008, which is the date that section is repealed; pursuant to sec. 10, Ch. 360, L. 1999, the inclusion of~~

~~19-20-604 terminates when the amortization period for the teachers' retirement system's unfunded liability is 10 years or less; pursuant to sec. 4, Ch. 497, L. 1999, the inclusion of 15-38-202 terminates July 1, 2014; and pursuant to sec. 10(2), Ch. 10, Sp. L. May 2000, the inclusion of 15-35-108 and 90-6-710 terminates June 30, 2005.)"~~

~~Section 8. Section 20-9-343, MCA, is amended to read:~~

~~"20-9-343. Definition of and revenue for state equalization aid. (1) As used in this title, the term "state equalization aid" means revenue as required in this section for:~~

~~(a) distribution to the public schools for the purposes of payment of systems development and other related costs resulting from the enactment of legislation that requires changes to the automated system used to administer the BASE funding program, guaranteed tax base aid, BASE aid, state reimbursement for school facilities, matching funds for the systemic initiative for Montana mathematics and science grant, and grants for school technology purchases;~~

~~(b) negotiated payments authorized under 20-7-420(3) up to \$500,000 per each biennium; and~~

~~(c) the Montana educational telecommunications network as provided in 20-32-101.~~

~~(2) The superintendent of public instruction may spend throughout the biennium funds appropriated for the purposes of systems development and other related costs resulting from the enactment of legislation that requires changes to the automated system used to administer the BASE funding program, guaranteed tax base aid, BASE aid for the BASE funding program, state reimbursement for school facilities, state payments for school capital projects, negotiated payments authorized under 20-7-420(3), the Montana educational telecommunications network, and school technology purchases.~~

~~(3) The following must be paid into the state general fund for the public schools of the state:~~

~~(a) (i) subject to subsection (3)(a)(ii), interest and income money described in 20-9-341 and 20-9-342; and~~

~~(ii) an amount of money equal to the income money attributable to the difference between the average sale value of 18 million board feet and the total income produced from the annual timber harvest on common school trust lands during the fiscal year to be appropriated for purposes of 20-9-533;~~

~~(b) investment income earned by investing interest and income money described in 20-9-341 and 20-9-342."~~

1 ~~Section 9.~~ Section 20-9-346, MCA, is amended to read:

2 ~~"20-9-346. Duties of superintendent of public instruction for state and county equalization aid~~
3 ~~distribution.~~ The superintendent of public instruction shall administer the distribution of the state and
4 county equalization aid by:

5 ~~(1) establishing the annual entitlement of each district and county to state and county equalization~~
6 ~~aid, based on the data reported in the retirement, general fund, and debt service fund budgets for each~~
7 ~~district that have been adopted for the current school fiscal year and verified by the superintendent of~~
8 ~~public instruction;~~

9 ~~(2) for the purposes of state advances and reimbursements for school facilities, limiting the~~
10 ~~distribution to no more than the amount appropriated for the school fiscal year to the districts that are~~
11 ~~eligible under the provisions of 20-9-366 through 20-9-371 by:~~

12 ~~(a) determining the debt service payment obligation in each district for debt service on bonds that~~
13 ~~were sold as provided in 20-9-370(3) 20-9-370(5) that qualify for a state advance or reimbursement for~~
14 ~~school facilities under the provisions of 20-9-366 through 20-9-369 and 20-9-370;~~

15 ~~(b) based on the limitation of state equalization aid appropriated for debt service purposes,~~
16 ~~determining the state advance for school facilities and the proportionate share of state reimbursement for~~
17 ~~school facilities that each eligible district must receive for the school fiscal year; and~~

18 ~~(c) distributing that amount by May 31 of each school fiscal year to each eligible district for~~
19 ~~reducing the property tax for the debt service fund for the ensuing school fiscal year.;~~

20 ~~(3) distributing by electronic transfer the BASE aid and state advances for county equalization,~~
21 ~~for each district or county entitled to the aid, to the county treasurer of the respective county for county~~
22 ~~equalization or to the county treasurer of the county where the district is located for BASE aid, in~~
23 ~~accordance with the distribution ordered by the board of public education;~~

24 ~~(4) keeping a record of the full and complete data concerning money available for state~~
25 ~~equalization aid, state advances for county equalization, and the entitlements for BASE aid of the districts~~
26 ~~of the state;~~

27 ~~(5) reporting to the board of public education the estimated amount that will be available for state~~
28 ~~equalization aid; and~~

29 ~~(6) for the purposes of state payments for school capital projects, limiting the distribution to the~~
30 ~~districts that are eligible under the provisions of 20-9-367 to no more than the amount available in the~~

- 1 ~~school capital projects account established in [section 2] by:~~
2 ~~—— (a) determining the amount to which school districts are eligible under [section 1];~~
3 ~~—— (b) based on the limitation of money available in the school capital projects account established~~
4 ~~in [section 2], determining the proportionate share that each eligible district must receive; and~~
5 ~~—— (c) distributing the state payment for school capital projects to districts by May 31 of each school~~
6 ~~year; and~~
7 ~~—— (6)(7) reporting to the office of budget and program planning as provided in 17-7-111;~~
8 ~~—— (a) the figures and data available concerning distributions of state and county equalization aid~~
9 ~~during the preceding 2 school fiscal years;~~
10 ~~—— (b) the amount of state equalization aid then available;~~
11 ~~—— (c) the apportionment made of the money available money but not yet distributed;~~
12 ~~—— (d) the latest estimate of accruals of money available for state equalization aid; and~~
13 ~~—— (e) the amount of state advances and repayment for county equalization."~~

14

15 ~~—— **Section 10.** Section 20-9-367, MCA, is amended to read:~~

16 ~~—— "**20-9-367. Eligibility to receive guaranteed tax base aid or, state advance or reimbursement for**~~
17 ~~**school facilities, or state payment for school capital projects.** (1) If the district guaranteed tax base ratio~~
18 ~~of any elementary or high school district is less than the corresponding statewide elementary or high~~
19 ~~school guaranteed tax base ratio, the district may receive guaranteed tax base aid based on the number~~
20 ~~of mills levied in the district in support of up to 35.3% of the basic entitlement, up to 35.3% of the total~~
21 ~~per-ANB entitlement, and up to 40% of the special education allowable cost payment budgeted within the~~
22 ~~general fund budget.~~

23 ~~—— (2) If the county retirement mill value per elementary ANB or the county retirement mill value per~~
24 ~~high school ANB is less than the corresponding statewide mill value per elementary ANB or high school~~
25 ~~ANB, the county may receive guaranteed tax base aid based on the number of mills levied in the county~~
26 ~~in support of the retirement fund budgets of the respective elementary or high school districts in the~~
27 ~~county.~~

28 ~~—— (3) For the purposes of 20-9-370 and 20-9-371, if the district mill value per elementary ANB or~~
29 ~~the district mill value per high school ANB is less than the corresponding statewide mill value per~~
30 ~~elementary ANB or statewide mill value per high school ANB, the district may receive a state advance or~~

1 reimbursement for school facilities in support of the debt service fund.

2 ~~—— (4) For the purpose of a state payment for school capital projects, a district is eligible for a~~
3 ~~payment if the district mill value per elementary ANB or the district mill value per high school ANB is less~~
4 ~~than the corresponding statewide mill value per elementary ANB or statewide mill value per high school~~
5 ~~ANB."~~

6

7 ~~—— **Section 11.** Section 20-9-369, MCA, is amended to read:~~

8 ~~—— **"20-9-369. Duties of superintendent of public instruction and department of revenue.** (1) The~~
9 ~~superintendent of public instruction shall administer the distribution of guaranteed tax base aid by:~~

10 ~~—— (a) providing each school district and county superintendent, by March 1 of each year, with the~~
11 ~~preliminary statewide and district guaranteed tax base ratios and, by May 1 of each year, with the final~~
12 ~~statewide and district guaranteed tax base ratios, for use in calculating the guaranteed tax base aid~~
13 ~~available for the ensuing school fiscal year;~~

14 ~~—— (b) providing each school district and county superintendent, by March 1 of each year, with the~~
15 ~~preliminary statewide, county, and district mill values per ANB and, by May 1 of each year, with the final~~
16 ~~statewide, county, and district mill values per ANB, for use in calculating the guaranteed tax base aid;~~
17 ~~state payments for school capital projects, and state advance and reimbursement for school facilities~~
18 ~~available to counties and districts for the ensuing school fiscal year;~~

19 ~~—— (c) requiring each county and district that qualifies and applies for guaranteed tax base aid to~~
20 ~~report to the county superintendent all budget and accounting information required to administer the~~
21 ~~guaranteed tax base aid;~~

22 ~~—— (d) keeping a record of the complete data concerning appropriations available for guaranteed tax~~
23 ~~base aid and the entitlements for the aid of the counties and districts that qualify;~~

24 ~~—— (e) distributing the guaranteed tax base aid entitlement to each qualified county or district from~~
25 ~~the appropriations for that purpose.~~

26 ~~—— (2) The superintendent shall adopt rules necessary to implement 20-9-366 through 20-9-369.~~

27 ~~—— (3) The department of revenue shall provide the superintendent of public instruction by December~~
28 ~~1 of each year a final determination of the taxable value of property within each school district and county~~
29 ~~of the state reported to the department of revenue based on information delivered to the county clerk and~~
30 ~~recorder as required in 15-10-305.~~

~~(4) The superintendent of public instruction shall calculate the district and statewide guaranteed tax base ratios by applying the prior year's direct state aid payment."~~

~~Section 12. Section 20-9-370, MCA, is amended to read:~~

~~"20-9-370. Definitions. As used in this title, unless the context clearly indicates otherwise, the following definitions apply:~~

~~(1) "School capital projects entitlement" means \$121 per ANB for the school fiscal year ending June 30, 2002, and \$122 per ANB for the school fiscal year ending June 30, 2003, and subsequent years.~~

~~(1)(2) "School facility entitlement" means:~~

~~(a) \$220 per ANB for an elementary school district;~~

~~(b) \$330 per ANB for a high school district; or~~

~~(c) \$270 per ANB for an approved and accredited junior high school or middle school.~~

~~(2)(3) "State advance for school facilities" is the amount of state equalization aid distributed to an eligible district to pay the debt service obligation for a bond in the first school fiscal year in which a debt service payment is due for the bond.~~

~~(4) "State payment for school capital projects" means the amount of state equalization aid distributed to a district that has a district mill value per elementary ANB that is less than the corresponding statewide mill value per elementary ANB or a district mill value per high school ANB that is less than the corresponding statewide mill value per high school ANB.~~

~~(3)(5) "State reimbursement for school facilities" means the amount of state equalization aid distributed to a district that:~~

~~(a) has a district mill value per elementary ANB that is less than the corresponding statewide mill value per elementary ANB or a district mill value per high school ANB that is less than the corresponding statewide mill value per high school ANB; and~~

~~(b) has a debt service obligation in the ensuing school year on bonds for which the original issue was sold after July 1, 1991.~~

~~(4)(6) "Total school facility entitlement" means the school facility entitlement times the total ANB for the district."~~

~~Section 13. Section 20-9-371, MCA, is amended to read:~~

~~"20-9-371. Calculation and uses of school facility entitlement amount. (1) The state reimbursement for school facilities for a district is the percentage determined in 20-9-346(2)(b) times (1-(district mill value per ANB/statewide mill value per ANB)) times the lesser of the total school facility entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligations on bonds that qualify under the provisions of 20-9-370(3) 20-9-370(5).~~

~~(2) The state advance for school facilities for a district is determined as follows:~~

~~(a) Calculate the percentage of the district's debt service payment that will be advanced by the state using the district ANB, the district mill value and the statewide mill value for the current year, and the percentage used to determine the proportionate share of state reimbursement for school facilities in the prior year.~~

~~(b) Multiply the percentage determined in subsection (2)(a) by the lesser of the total school facility entitlement calculated under the provisions of 20-9-370 or the district's current year debt service obligation for bonds to which the state advance applies.~~

~~(3) Within the available appropriation, the superintendent of public instruction shall first distribute to eligible districts the state advance for school facilities. From the remaining appropriation, the superintendent shall distribute to eligible districts the state reimbursement for school facilities.~~

~~(4) The trustees of a district may apply the state reimbursement for school facilities to reduce the levy requirement in the ensuing school fiscal year for all outstanding bonded indebtedness on bonds sold in the debt service fund of the district after July 1, 1991. The trustees may apply the state advance for school facilities to reduce the levy requirement in the current school fiscal year for debt service payments on bonds to which the state advance for school facilities applies."~~

~~NEW SECTION. Section 1. Appropriation -- Fund transfer COAL SEVERANCE TAX DIVERSION. (1) There is appropriated \$150 million from the coal severance tax permanent fund to the state special revenue account created in [section 3]. The proceeds of the appropriation must remain in the state special revenue account until projects are approved by the department of commerce pursuant to [section 4].~~

~~(2) There is transferred \$20 million for each fiscal year of the biennium from EXCEPT FOR \$675,000 EACH YEAR, UP TO \$5.5 MILLION OF THE AMOUNT OF COAL SEVERANCE TAXES THAT WOULD BE DEPOSITED INTO the coal severance tax permanent trust IS DIVERTED to the general fund TO BE USED TO PROVIDE FUNDING FOR K-12~~

1 EDUCATION.

2

3 ~~NEW SECTION. Section 15. Codification instructions. (1) [Sections 1 and 2] are intended to be~~
4 ~~codified as an integral part of Title 20, chapter 9, and the provisions of Title 20, chapter 9, apply to~~
5 ~~[sections 1 and 2].~~

6 ~~(2) [Sections 3 and 4] are intended to be codified as an integral part of Title 90, chapter 6, part~~
7 ~~7, and the provisions of Title 90, chapter 6, part 7, apply to [sections 3 and 4].~~

8

9 NEW SECTION. Section 2. Three-fourths vote required. Because ~~[sections 6 and 14] transfer or~~
10 ~~appropriate [SECTION 1] TRANSFERS DIVERTS~~ money from the coal severance trust fund and because ~~[section~~
11 ~~5] creates a subfund in the coal severance tax trust fund~~, Article IX, section 5, of the Montana
12 constitution, as interpreted by the Montana supreme court in *Montanans for the Coal Trust v. State*,
13 requires a vote of three-fourths of the members of each house of the legislature for passage.

14

15 NEW SECTION. Section 3. Effective date. [This act] is effective July 1, 2001.

16

17 NEW SECTION. SECTION 4. TERMINATION. [THIS ACT] TERMINATES JUNE 30, 2003.

18

- END -